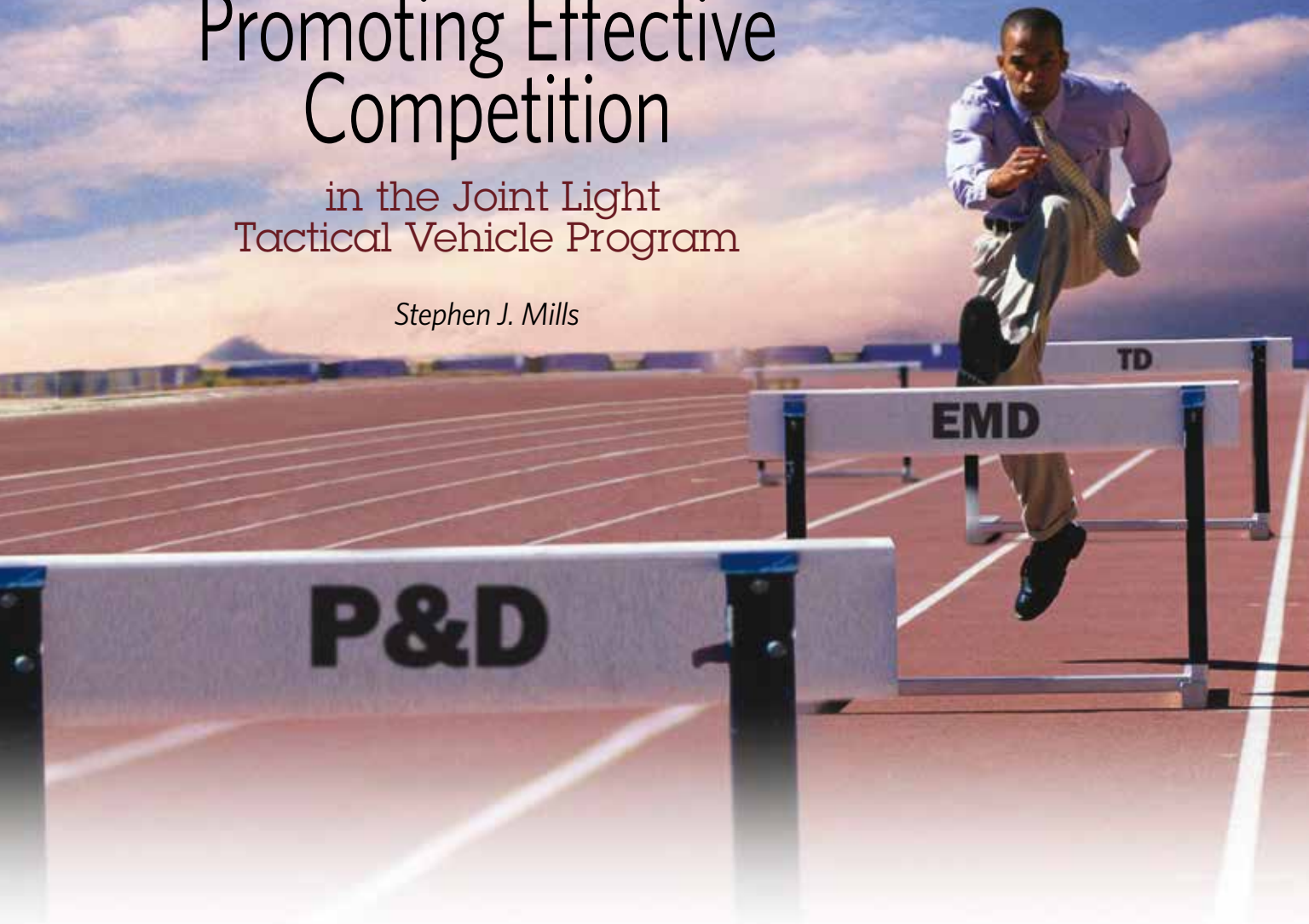


Promoting Effective Competition

in the Joint Light Tactical Vehicle Program

Stephen J. Mills

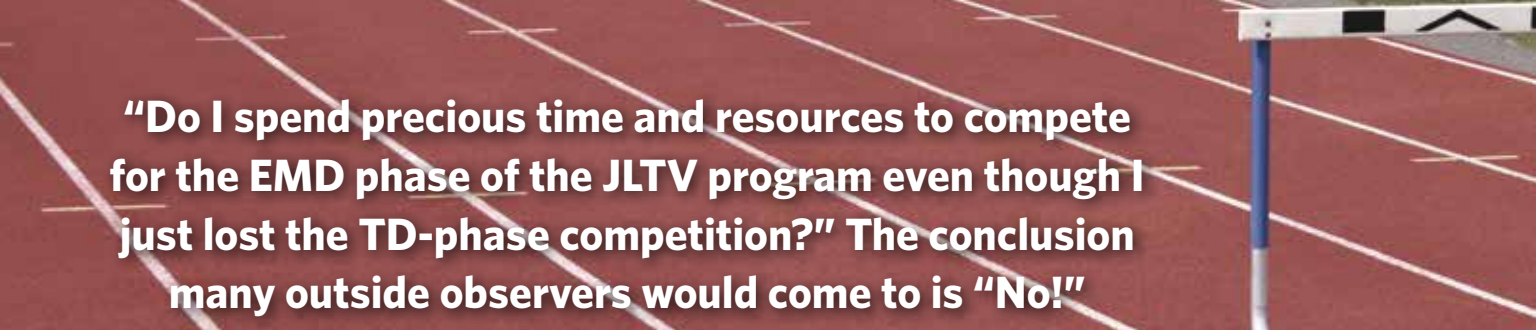


Competition throughout the life cycle of an acquisition program not only is possible, it is alive and well in the Joint Light Tactical Vehicle (JLTV) program. This article focuses on the JLTV program and the Better Buying Power 2.0 (BBP 2.0) effort to “Promote Effective Competition.” Although the JLTV program began before BBP 2.0, the overarching concept of competition throughout the life cycle of an acquisition program is not new and remains a key component of the Federal Acquisition Regulation.

Program Overview

Development of the JLTV is a joint program to augment the High Mobility Multipurpose Wheeled Vehicle (HMMWV) fleet currently in service with the U.S. Army and U.S. Marine Corps. For the Marine Corps, it is designed to replace HMMWVs only for the most demanding mission profiles, and for the Army, to replace “approximately 1/3 of the light wheeled vehicle fleet by 2040.” The JLTV family of vehicles will provide additional survivability, a greater payload, and responsive, well-integrated command and control. Changes in contemporary threats, coupled with the inability of the HMMWV platform to accommodate the magnitude of change needed to meet the new requirements, made the JLTV program necessary.

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The JLTV program requirements were approved by the Joint Requirements Oversight Council in November 2006 and designated an Acquisition Category ID program with the Army as the lead. This program has experienced some significant challenges, including Technology Development (TD) phase protests from two offerors and a threatened program termination at the end of the phase. In September 2011, the Senate Appropriations Defense Subcommittee recommended canceling the JLTV due to rising program costs and continuous changes in requirements. The subcommittee endorsed the idea of changing the Modernized Expanded Capacity Vehicle (MECV) program (HMMWV Recapitalization) from a stop-gap effort to a full solution to meet the vehicle requirements of the Army and Marine Corps in place of the JLTV.

As a full solution, MECV funding would have had to increase significantly. Once the subcommittee recommendation was released, the Army and Marine Corps finalized the JLTV requirements and established a cost cap of \$250,000 per vehicle. These new program requirements were codified in the Engineering, Manufacturing and Development (EMD) Phase Request for Proposal (RFP) and proved effective in reversing the recommendation of the subcommittee. The MECV program was canceled in January 2012. The restructured JLTV program is in the EMD phase with three competing industry partners (Lockheed Martin, Oshkosh Corporation and AM General). Low-rate initial production is planned for 2015, with full-rate production scheduled for 2018. The Army intends to purchase 49,909 vehicles, and the Marine Corps, 5,500.

As noted above, BBP 2.0 clearly focuses on the importance and value to the government of both creating and maintaining a competitive environment. The JLTV Joint Program Office used requests for information, industry days, and draft RFPs to communicate program requirements effectively to industry and to demonstrate the government's commitment to the viability of the JLTV program.

In the case of the JLTV, the use of these tools provided clear commitment to the JLTV program and motivated the three industry teams—Lockheed Martin, BAE and General Tactical Vehicles—each to have completed a working JLTV prototype before release of the final RFP during the TD phase. This type of response from the offerors has the potential to reduce overall program technical risk as well as program cost.

Government acquisition programs' overall risk is reduced when the government provides industry with a clear

understanding of future needs. The JLTV acquisition strategy and source selection plan served as a framework for industry to conduct effective strategic planning and enabled industry to compete for both TD and EMD contracts. The EMD-phase RFP focused on "full and open" competition and contained language that specifically allowed offerors who were rejected in the TD phase to compete for EMD-phase contracts.

This component of the JLTV acquisition/source selection strategy created an interesting opportunity for industry teams to ponder: "Do I spend precious time and resources to compete for the EMD phase of the JLTV program even though I just lost the TD-phase competition?" The conclusion many outside observers would come to is "No!" Significant time and money would be required, and convincing senior industry leaders to assume that level of risk would be difficult. Yet, in the case of the JLTV, two of the three teams selected for the EMD phase were teams that had been rejected in the TD phase.

This occurrence generates many questions. What motivated these industry teams to compete for the EMD phase? What is the real story behind the firm's success in the EMD phase competition? Is this a David and Goliath story? One of the industry partners rejected for the TD phase, but selected for the EMD phase was Oshkosh Corporation. Part of their story revolves around leveraging other opportunities:

"Finally, Oshkosh, which had its eye on the JLTV program since it lost out on a technology development contract in 2008, is offering a variant of its Light Combat Tactical All-Terrain Vehicle (L-ATV)," wrote Kate Brannen ("Competition upended in JLTV program") in the March 31, 2012, *Marine Corps Times*. "Oshkosh said it has been able to build off of lessons learned from its MRAP-ATV (M-ATV) effort, which was designed to meet an urgent need in Afghanistan for a lighter mine-resistant, ambush-protected vehicle." Brannen added.

Oshkosh's efforts on the M-ATV provided significant value for their EMD-phase offering. They not only leveraged lessons learned in Afghanistan, but could claim recent and relevant past performance in fielding tactical, wheeled vehicles. A quick review of the Oshkosh EMD-phase proposal reveals that past performance was the second-highest rated factor after technical. This is a major change to relative importance when compared with the TD-phase request; in the TD phase, past performance was much less important when compared with the other factors.

The other team that did not win a TD-phase contract, but was successful in the EMD-phase competition was AM General, manufacturer of the HMMWV. With diminishing HMMWV work, AM General remained motivated to continue to compete for the JLTV production effort.

In the end, a key contributor that motivated both Oshkosh and AM General to compete in the EMD-phase competition was the major change in user requirements driven by the Senate subcommittee's threat of program cancellation. The new user requirements changed the overall technical focus of the program from an expensive, high-risk approach to an approach with less technical risk and a significantly lower cost in production. This change reduced the relevance of the competitive prototyping strategy employed in the TD phase, which was based on much different JLTV user requirements.

The JLTV program is currently in the EMD phase. The source selection strategy for the program's next phase, Production and Deployment (P&D), has not been finalized at this time. Will the JLTV program simply choose to employ a single industry partner based on the results of the EMD-phase efforts, or will competition continue?

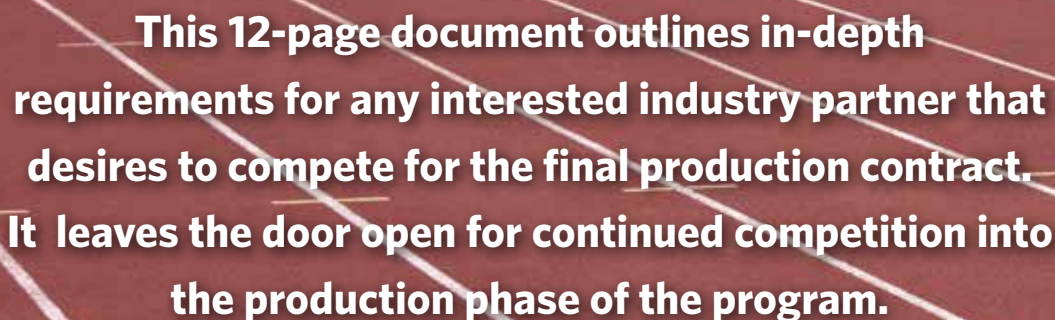
It appears that "ensuring competition throughout the program life cycle" remains a focus of the JLTV program office. On March 13, 2013, the JLTV office released a P&D-phase

Deployment Phase Market Research (non-EMD vendors) paragraph in the executive summary: 'Non-EMD vendors will be expected to perform, at a minimum, all of the same testing in the same manner with the same hardware quantities as the EMD vendors.'

The conditions for continued competition into the next phase appear to be in place. Do these conditions represent a viable opportunity for a non-EMD vendor to win a production contract for the JLTV?

The JLTV program's acquisition strategy includes a competitive focus well into the P&D phase through the optional purchase of the JLTV Technical Data Package (TDP). Ownership of the JLTV TDP provides the capability of competing for follow-on production efforts with other industry partners. This competitive component of the JLTV program was briefly mentioned in the JLTV Selective Acquisition Report Executive Summary dated Dec. 31, 2012.

In conclusion, the JLTV program has had significant competition to date and clearly supports the concept of maintaining competitive environments. The decision to continue competition into the EMD phase with three offerors is costly, but it clearly ensures the continuation of competition through the P&D phase. The unusual occurrence of two of three TD-phase losers winning EMD-phase contracts is an event worthy of



This 12-page document outlines in-depth requirements for any interested industry partner that desires to compete for the final production contract. It leaves the door open for continued competition into the production phase of the program.

market survey for the following reason: "The purpose of this market survey is to determine whether there are any viable non-EMD vendors able to compete on a full and open basis in accordance with the acquisition strategy of the JLTV program."

This 12-page document outlines in-depth requirements for any interested industry partner that desires to compete for the final production contract. It leaves the door open for continued competition into the production phase of the program. This market survey also clearly states what potential, non-EMD vendors must do to be competitive in the event they submit a bid for the upcoming JLTV production effort:

The JLTV EMD solicitation (W56HZV-11-R-0329) offered non-EMD vendors the opportunity to participate in the JLTV EMD program at their own risk and expense. Per the Production and

examination. For this to occur, those teams (Oshkosh and AM General) had to use significant internal funding to be competitive. What was their motivation for doing so? I believe part of the answer lies in the changes to user requirements, which made these teams more competitive. The recent release of the market survey and the option to purchase the TDP for possible competition for additional production contracts are positive developments from a competition perspective. The big question is whether any non-EMD offeror could meet the rigorous requirements outlined in the market survey. A critical question yet to be answered is whether the JLTV acquisition strategy, which maximizes competition, will result in a fielded product that meets user requirements and the established cost cap per vehicle of \$250,000. Only time will tell. &

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